

questions about and show our guests the American way of life. Vadim Baikov, one of the six Russians who visited Alaska, the State I represent, wrote after the program that, "In my opinion, the best cultural aspect is that we stayed with the families, because in this way one can actually gain insight of the genuine American lifestyle. I think that is what counts the most."

Organizations such as Rotary International, the United Methodist Church, Freedom Force, and the Church of Jesus Christ of Latter-day Saints played a key role in organizing the participants in the program both in Russia and the United States. In addition to volunteering their time, these families and hosting communities generously supplemented the government's \$10 million appropriations by providing approximately \$1.5 million worth of meals, cultural activities, additional transportation and medical care.

Beyond the strong ties of friendship that developed between guests and hosts, it is clear that the Russian Leadership Program fundamentally changed how these Russian guests see America. They constitute the largest single group ever to travel from Russia to the U.S. They return to Russia with clear ideas and strong commitment to positive change. A mayor from Tomsk spend time with the mayor of Cleveland and said: "If we were to meet more often, there would be more peaceful relations."

The Russian Leadership Program has had a tremendous impact in one year. It is a good program and I am pleased that we were able to provide the necessary funding to continue this program into the new millenium.

INTELLECTUAL PROPERTY AND COMMUNICATIONS OMNIBUS REFORM ACT OF 1999

Mr. SCHUMER. Mr. President, I rise today in support of the revised "Intellectual Property and Communications Omnibus Reform Act of 1999" (H.R. 1554). As a Member of the Judiciary Committee, I am particularly pleased that this legislation includes as Title IV, the "American Inventors Protection Act of 1999." This important patent reform measure includes a series of initiatives intended to protect the rights of inventors, enhance patent protections and reduce patent litigation.

Perhaps most importantly, subtitle C of title IV contains the so-called "First Inventor Defense." This defense provides a first inventor (or "prior user") with a defense in patent infringement lawsuits, whenever an inventor of a business method (i.e., a practice process or system) uses the invention but does not patent it. Currently, patent law does not provide original inventors with any protections when a subse-

quent user, who patents the method at a later date, files a lawsuit for infringement against the real creator of the invention.

The first inventor defense will provide the financial services industry with important, needed protections in the face of the uncertainty presented by the Federal Circuit's decision in the State Street case. *State Street Bank and Trust Company v. Signature Financial Group, Inc.* 149 F.3d 1368 (Fed. Cir., 1998). In State Street, the Court did away with the so-called "business methods" exception to statutory patentable subject matter. Consequently, this decision has raised questions about what types of business methods may now be eligible for patent protection. In the financial services sector, this has prompted serious legal and practical concerns. It has created doubt regarding whether or not particular business methods used by the industry—including processes, practices, and systems—might now suddenly become subject to new claims under the patent law. In terms of everyday business practice, these types of activities were considered to be protected as trade secrets and were not viewed as patentable material.

The first inventor defense strikes a fair balance between patent and trade secret law. Specifically, this provision creates a defense for inventors who (1) acting in good faith have reduced the subject matter to practice in the United States at least one year prior to the patent filing date ("effective filing date") of another (typically later) inventor; and (2) commercially used the subject matter in the United States before the filing date of the patent. Commercial use does not require that the particular invention be made known to the public or be used in the public marketplace—it includes wholly internal commercial uses as well.

As used in this legislation, the term "method" is intended to be construed broadly. The term "method" is defined as meaning "a method of doing or conducting business." Thus, "method" includes any internal method of doing business, a method used in the course of doing or conducting business, or a method for conducting business in the public marketplace. It includes a practice, process, activity, or system that is used in the design, formulation, testing, or manufacture of any product or service. The defense will be applicable against method claims, as well as the claims involving machines or articles the manufacturer used to practice such methods (i.e., apparatus claims). New technologies are being developed every day, which include technology that employs both methods of doing business and physical apparatus designed to carry out a method of doing business. The first inventor defense is intended to protect both method claims and apparatus claims.

When viewed specifically from the standpoint of the financial services industry, the term "method" includes financial instruments, financial products, financial transactions, the ordering of financial information, and any system or process that transmits or transforms information with respect to investments or other types of financial transactions. In this context, it is important to point out the beneficial effects that such methods have brought to our society. These include the encouragement of home ownership, the broadened availability of capital for small businesses, and the development of a variety of pension and investment opportunities for millions of Americans.

As the joint explanatory statement of the Conference Committee on H.R. 1554 notes, the provision "focuses on methods for doing and conducting business, including methods used in connection with internal commercial operations as well as those used in connection with the sale or transfer of useful end results—whether in the form of physical products, or in the form of services, or in the form of some other useful results; for example, results produced to the manipulation of data or other imports to produce a useful result." H. Rept. 106- , p. 31.

The language of the provision states that the defense is not available if the person has actually abandoned commercial use of the subject matter. As used in the legislation, abandonment refers to the cessation of use with no intent to resume. Intervals of non-use between such periodic or cyclical activities such as seasonable factors or reasonable intervals between contracts, however, should not be considered to be abandonment.

As noted earlier, in the wake of State Street, thousands of methods and processes that have been and are used internally are now subject to the possibility of being claimed as patented inventions. Previously, the businesses that developed and used such methods and processes thought that secrecy was the only protection available. As the conference report on H.R. 1554 states: "(U)nder established law, any of these inventions which have been in commercial use—public or secret—for more than one year cannot now be the subject of a valid U.S. patent." H. Rept. 106- , p. 31.

Mr. President, patent law should encourage innovation, not create barriers to the development of innovative financial products, credit vehicles, and e-commerce generally. The patent law was never intended to prevent people from doing what they are already doing. While I am very pleased that the first inventors defense is included in H.R. 1554, it should be viewed as just the first step in defining the appropriate limits and boundaries of the

State Street decision. This legal defense will provide important protections for companies against unfair and unjustified patent infringement actions. But, at the same time, I believe that it is time for Congress to take a closer look at the potentially broad and, perhaps, adverse consequences of the State Street decision. I hope that beginning early next year the Judiciary Committee will hold hearings on the State Street issue, so Senators can carefully evaluate its economic and competitive consequences.

Mr. TORRICELLI. My colleague is correct. The State Street decision may have unintended consequences for the financial services community. By explicitly holding that business methods are patentable, financial service companies are finding that the techniques and ideas, that were in wide use, are being patented by others.

The Prior Inventor Defense of H.R. 1554 is an important step towards protecting the financial services industry. By protecting early developers and users of a business method, the defense allows U.S. companies to commit resources to the commercialization of their inventions with confidence that a subsequent patent holder will prevail in a patent infringement suit. Without this defense, financial services companies face unfair patent-infringement suits over the use of techniques and ideas (methods) they developed and have used for years.

While I support the Prior Inventor Defense, as a member of the Judiciary Committee, I hope we will revisit this issue next year. More must be done to address the boundaries of the State Street decision with the realities of the constantly changing and developing financial services industry.

I look forward to working with Senator SCHUMER and my colleagues on the committee on this important issue.

ORDERS FOR FRIDAY, NOVEMBER 19, 1999

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 10 a.m. on Friday, November 19. I further ask consent that on Friday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and that the Senate then proceed to morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. MURKOWSKI. For the information of all Senators, when the Senate convenes, it will begin consideration of a number of legislative items that have been cleared for action and need to be considered in the House prior to adjournment. Following the consideration of these bills, the Senate will resume debate on the final appropriations bill. Further, as a reminder, cloture was filed today on the appropriations conference report, and there is still hope that the Wisconsin delegation will allow the cloture vote to occur at a reasonable hour during tomorrow's session. However, if no agreement is made, the cloture vote will occur at 1:01 a.m. on Saturday morning, and abbreviated postcloture debate is anticipated. Therefore, Senators can

expect a vote to occur a few hours after the cloture vote.

In addition, the Senate may consider the Work Incentives conference report prior to the pending adjournment.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. MURKOWSKI. If there is no further business to come before the Senate, I now ask unanimous consent the Senate stand in adjournment under the previous order.

Mr. FEINGOLD. Is there a unanimous consent request pending?

The PRESIDING OFFICER. There is, to adjourn.

Mr. FEINGOLD. Reserving the right to object, I ask unanimous consent with regard to the cloture vote which the Senator from Alaska described, that the vote take place at 10 a.m. on Saturday; and that should cloture be invoked, no more than 21 hours of debate remain.

Mr. MURKOWSKI. I object.

The PRESIDING OFFICER. The objection is heard.

Mr. FEINGOLD. Reserving the right to object, I simply want to indicate, as one member from the Wisconsin delegation, there is an effort to be reasonable with respect to the hour of the vote and to limit our rights with respect to the 30 hours respectively. Our goal is certainly not to cause people to vote at a very extreme hour.

The PRESIDING OFFICER. Under the previous order, the Senate stands in adjournment until 10 a.m., Friday, November 19, 1999.

Thereupon, the Senate, at 10:44 p.m., adjourned until Friday, November 19, 1999, at 10 a.m.